

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 898 – HB 1166

March 8, 2015

SUMMARY OF ORIGINAL BILL: Requires that any substantive and procedural rules and regulations established by the Board of Trustees concerning an optional retirement plan for employees of public institutions of higher education be in compliance with the Uniform Administrative Procedures Act (UAPA).

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (003674): Deletes all language after the enacting clause. Adds new part as the Optional Retirement Program (ORP) for Employees of Public Institutions of Higher Education. Establishes the ORP for employees of public institutions of higher education operated by the Board of Regents and the Board of Trustees of the University of Tennessee. Requires that the Commissioner of Finance and Administration, the Chair of the Finance, Ways and Means Committee of the Senate, the Chair of the Finance, Ways and Means Committee of the House of Representatives, and the Chair of the Consolidated Retirement Board serve as trustees of the ORP. Authorizes the trustees to oversee the ORP, and delegate to the State Treasurer the duty to carry out day-to-day operations and responsibilities for administration of the ORP, including rulemaking authority. Declares the terms of eligibility and election, contribution and disability retirement terms, rollover provisions, retirement allowances, the effects on participation in TCRS for eligible employees who elect to participate in the ORP, the accumulated contribution transfer provisions, the ORP to honor qualified domestic relations order, the withdrawal and distribution provisions, establishment of service and salary credit in TCRS for former ORP participants who received a lump sum distribution of contributions, work and compensation limits for those receiving benefits from the ORP. Deletes reference to the ORP administrative costs under the TCRS Board of Trustees authority to direct the cost of administering the retirement system to be prorated among employers. Transfers the authority to determine eligibility for the ORP from the retirement system to the State Treasurer. Eliminates incorrect code references to the former ORP chapter and parts.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

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- According to the Department of Treasury, this bill as amended will not affect the operations of TCRS or amend any benefits or terms of the ORP.
- The department further indicates this bill will not have a fiscal impact on the pension fund.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, appearing to read "Jeffrey L. Spalding". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Spalding" clearly distinguishable.

Jeffrey L. Spalding, Executive Director

/tdb